

**STATE OF CONNECTICUT**  
**Department OF Developmental Services**

**Procedure No.:** I.C.2.PR.012

**Subject:** Fiscal Intermediary Contract Management

**Section:** Individual Supports

**Issue Date:** January 11, 2002

**Effective Date:** Upon release

**Revised Date:** August 10, 2010

**Approved:** /s/ Peter H. O'Meara/KdP

**A. Purpose**

To establish the Department of Developmental Services (hereafter DDS) performance and monitoring criteria for contracted services from fiscal intermediary service providers.

**B. Applicability**

This procedure applies to DDS staff with FI administration and management responsibilities and all Fiscal Intermediary agencies that contract with the department to provide fiscal intermediary services to consumers, family members, providers and the department.

**C. Definitions**

Fiscal Intermediary: A company who provides management and administrative support to consumers, families, providers and the department. The administrative support includes payment to employees, all state and federal tax reporting and filing requirements, and payments to vendors who provide goods and services.

**D. Implementation**

General Requirements

1. The Central Office Operations Center will enter into a contract with Fiscal Intermediary (FI) agencies to assist the participant and /or family member by managing and distributing the funds contained in each such participant's authorized IP.6 including, but not limited to the facilitation of employment of service workers; including federal, state, and local tax withholdings/payments; unemployment premiums; periodic individual expenditure reports; and all payments to vendors and other non-labor-related supports. The Department will designate contacts for all FI related issues, including but not limited to, FI performance, fiscal reporting and program fund management, as well as coordination and communication among all parties. It will be the responsibility of each contact to forward all information associated with any FI related issues to both the relevant FI, other contacts as appropriate and to the department's Central Office Operations Center if needed.
2. On an annual basis the department will provide each fiscal intermediary with business rules that specify any areas of operation that have been identified by consumers, providers or department staff that need clarification.

Program Funds Payments

1. The DDS fiscal unit will issue payments to each FI based on the monthly individual budget report, which is based on the approved records in the IP 6 database on the report date. The report includes following information by SID:
  - FI
  - DDS #
  - Last Name
  - First Name
  - IP.6 Start Date

- IP.6 End Date
  - Cash amount for the month
  - Annualized amount
  - Totals for all amounts for each SID
- 2. The FI receives and documents the monthly payment for each region. The FI issues and tracks payments on behalf of the consumers based on the approved IP.6 reports they have available, as well as any they receive during the month.
- 3. The FI will produce an aggregate monthly expenditure report for each region by the 15<sup>th</sup> of the following month that includes each expenditure made in the previous month. The report will include separately for each SID, the following information:
  - Region
  - Consumer's last name, first name and Case Manager's last name
  - Total IP.6 annual amount by SID
  - Total spent by SID
  - Total spent by all consumers by SID
  - Cash received from the DDS fiscal unit by SID for the reporting period
  - SID balance for the reporting period
  - Interest earnings
- 4. Monthly payments will be made to each FI within 15 days of receiving the FI's aggregate monthly expenditure report and will be based on the monthly individual IP.6 reports created each month by the fiscal staff minus 100% of the fund balance in the FI aggregate expenditure report. DDS will allow for a 45 day cash advance allowance to account for new authorizations after the payment has been made.
- 5. The DDS fiscal staff will file the cash adjustment report, the FI aggregate expenditure report, the applicable payment vouchers, and a copy of the IP 6 report used to make the payment for back up and audit reviews.
- 6. Supplemental program fund payments
  - If the FI at anytime needs a supplemental program fund payment due to an increase in the number of approved IP.6's not included in the monthly DDS payment, the FI must contact the Operation Center in writing.
  - The Operation Center will create a supplemental payment report for the month that lists the records that have been approved since the first report was generated and issue funds accordingly.
  - At the end of the month the FI will send in the aggregate expenditure report including all expenditures issued from both program fund payments.

## Reporting Requirements

1. As identified in the contract, the FI will submit:
  - Quarterly Expenditure Reports to the applicable Case Managers
  - End of Year Budget Expenditure Reports to applicable fiscal staff 120 days after the budget end date which are identified with the report date, budget period end date, and the Version (1.0).
    - This is the final expenditure report for the consumer that summarizes by SID the budgeted amount, total expenditures and the balance with a utilization factor.
    - These reports are aggregated by SID for consumers with the same budget end dates.

- They are sent to the Fiscal Office designee and used for auditing FI accounts.
- They are reviewed by the Resource Management division for utilization.
- The Resource Management division follows up with the Case Manager to address allocation changes as a result of the utilization review.
- Any revisions to this report by the Fiscal Intermediary must be submitted in a revised report with the changes only and specifically identified as a revision to the first report including the (report date, initial report date, budget period end date, Version 1.1. 1.2)
  - DDS monthly cash expenditure report to fiscal staff. This report is a cash expenditure report used by the DDS fiscal staff to make a cash adjustment for the next program fund payment to the FI.
  - Medicaid billing report uploaded to secure site monthly
  - Cost Report for rate setting annually for each Fiscal Year (includes total units billed to Medicaid by procedure code, number of people using the service, total cost for all units, and average cost per unit) to the Operations Center
  - Demographic reports as requested
  - Monthly Voluntary Services Program report of expenditures to the Operations Center
  - Monthly expenditure report on the 25<sup>th</sup> day of each month to consumers and families who self direct

### Invoicing Requirements

1. FI's will submit invoices for their administrative services to the Operations Center within 30 days of the end of the billing month according to the fee schedule outlined in their contract with the department. The Operations Center will send the FI invoices to the fiscal designee for verification of accurate billing. Discrepancies will be resolved between the designee and the FI and forwarded to the Operations Center. Any adjustments to these invoices will be made in the next billing cycle.

### Adherence to the Budget

1. FI's are authorized to reimburse for goods, services and supports, which are delineated as line items in the IP.6. Any deviation from this requires either an amendment or adjustment, as defined in the individual support procedure PR 008 Individual Support Fiscal Management. Reimbursement is always made upon receipt of a valid invoice.
2. Any request to add or change a line item is a regional responsibility and the FI will direct the consumer and/or sponsoring family member back to their Support Broker or Case Manager to address this request.
3. The Fiscal Intermediary can make payments for services that exceed the monthly amount of the service as long as there is a fund balance from a previous month for the specific line item that has incurred an overage. The FI cannot exceed the quarterly budgeted amount for any line item without written authorization from the department.

### Monitoring

1. The FI is responsible for having an independent audit of its records, bank account, and payments for goods and services in the individual budget as specified in the departments' agreed upon audit procedures. This audit is required annually and is due in October at the

same time the ACOR is due. Any area(s) of concern that are identified in the audit must be followed up in writing by the FI with the region and reviewed at the annual performance review with FI. These items are required to be included in the next Fiscal Years audit of agreed upon procedures. In addition the department or state auditors may periodically audit FI records for contract compliance and fiscal reporting as specified in the contract.

2. An annual performance review will be conducted for each FI by Department staff. The performance review will include a review of all areas included in the contract.
3. It is the responsibility of both the Operations Center and the Regions to monitor FI compliance with all the provisions of the contract. The Operations Center and regional designees will answer questions and address concerns brought by the FI's and consumers and will seek to resolve any conflicts among parties.
4. In accordance with the terms of the contract FI's provide:
  - Payment for services, goods, and supports as defined in the authorized budget.
  - Reporting of cash received and expenditures on a monthly basis.
  - Adherence to all state, federal tax and labor laws, regulations, and all necessary payments to those regulatory agencies as appropriate.
  - Assistance to consumers to ensure their adherence to federal and state employment requirements.
  - Assurance that no payments are made beyond those that are defined in the authorized budget without proper approval and documentation.
  - Documentation on file for each employee hired by a consumer in compliance with the Home and Community Based Waivers.
5. The regional liaison will keep information on all performance issues and the resolution of these issues. The FI may be required to submit a written plan of action when the issue is systemic.
6. When performance issues are persistent and/or involve several areas of service, suspension of consumer referrals may be imposed and a warning issued that continued failure to follow contract requirements may result in termination of the contract.
7. If performance issues continue and the FI is not able to provide services as specified in the contract to a satisfactorily level all parties including Regional Directors, the Commissioner, Deputy Commissioner and the Director of Legal and Governmental Affairs will be notified and appropriate steps taken to terminate the contract in accordance with the contract.

#### **E. References**

- ◆ Fiscal Intermediary Purchase of Service Contract Parts 1, 2 and 3
- ◆ Individual Support Procedures
- ◆ Agreed Upon Audit Procedures

#### **F. Attachments**

- ◆ Monthly Fiscal Intermediary Cash Adjustment Form